

# 2018-2019 PRELIMINARY BUDGET

*James F. Hricay*  
*Assistant Superintendent For Business*  
March 10, 2018

# 2018-19 PRELIMINARY BUDGET HIGHLIGHTS

\$73,482,000 Budget

0.96% Expense Budget to Budget Increase

2.42% Projected Allowable Tax Levy Increase\*  
(per NYS Tax Cap Formula)

2.42% Tax Levy Increase\*

\* Subject to change based on final aid runs & other factors

# 2018-19 BUDGET HIGHLIGHTS

## The Preliminary Budget:

- Complies with NYS tax cap legislation
- Maintains favorable class size
- Preserves all existing regular & special education programs, as well as extracurricular and athletic programs
- Provides for implementation of the International Baccalaureate-Middle Years Programme through the 10<sup>th</sup> grade
- Creates a Pupil Personnel Supervisor 6-12 position to relieve front line clinicians of administrative tasks and better serve students
- Provides funding for expansion of Foreign Language at the Elementary School (FLES) to grade 4

# 2018-19 BUDGET HIGHLIGHTS

The following factors contributed to creating a balanced budget for 2018-19 which relies less on appropriated fund balance, thus meeting the District's goal to bring expenditures more in line with available "true" revenues:

- The retirement of 6 employees
  - 1 teacher, 1 psychologist, 2 district-wide administrators, 1 exempt employee and 1 nurse
  - Replacements with lower cost staff
- The elimination of non-recurring \$2,000 annual payments to teachers as stipulated in the most recent collective bargaining agreement
- The reduced reliance on appropriated fund balance
  - Total use of fund balance, reserves & debt service reduced from \$2,646,780 to \$1,525,000
  - Total reduction in appropriations is \$1,121,780

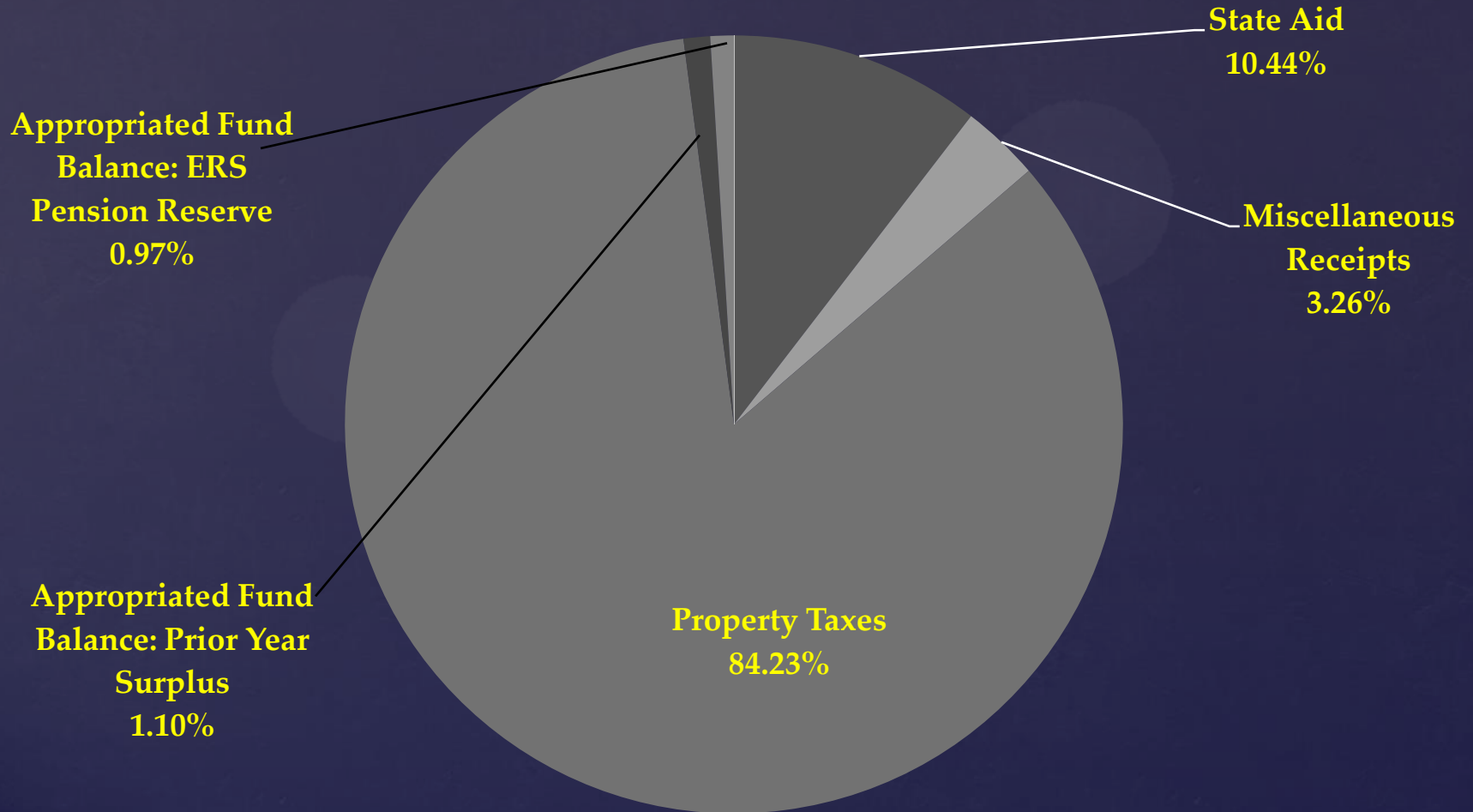
2018-19  
PRELIMINARY BUDGET  
Revenue Budget

# REVENUE BUDGET

Category	% Total Revenue	2017-18 Adopted Budget	2018-19 Preliminary Budget	Increase (Decrease)	% Change
Property Taxes	84.23%	\$60,427,331	\$61,892,210	\$1,464,879	2.42%
State Aid	10.44%	7,335,958	7,668,792	332,834	4.54%
Miscellaneous Receipts	3.26%	2,369,931	2,395,998	26,067	1.10%
Appropriation-Fund Balance	1.10%	1,396,780	810,000	(586,780)	(42.01)%
Appropriation-ERS Reserve	0.97%	725,000	715,000	(10,000)	(1.38)%
Appropriation-Debt Service Reserve	0.00%	325,000	-0-	(325,000)	(100.00)%
Appropriation-Capital Reserve	0.00%	200,000	-0-	(200,000)	(100.00)%
TOTAL REVENUE	100%	\$72,780,000	\$73,482,000	\$702,000	0.96%



# 2018-19 REVENUE BUDGET



# PROPERTY TAXES



# TAX LEVY CAP PROVISIONS

- 2018-19 is the seventh year of the tax cap
- Limits tax levy growth to lesser of 2% or CPI (hence, reference to “2% Tax Cap”)
  - CPI is 2.13% for 2018-19, therefore capped @ 2.00%
- Provides for exclusion related to tax levy required for local share of capital expenditures
- Provides for exclusion related to TRS and ERS pension costs in excess of 2% rate increase from year to year
  - Not applicable in 2018-19

# TAX LEVY CAP PROVISIONS

## Budget Vote Provisions

### If budget is within tax cap limit:

Need simple majority (50% + 1 voter) to pass

### If budget is above the tax cap limit:

Need a 60% supermajority public vote to pass

### Contingency Budget:

If no budget is approved, the district must adopt a contingency budget with 0% tax levy increase over prior year

- *This would result in significant expenditure reductions and/or increases to appropriations of fund balance in order to compensate for reduced tax revenue of \$1.5 million*

# PROJECTED TAX LEVY CALCULATION: FY 2018-19

(Subject to change pending State Aid runs from NYS)

NYS Tax Cap Formula Components		2018-19 Amount	%
FY17-18 Tax Levy		\$60,427,331	
x Tax Base Growth Factor		1.0038	0.38%
- Prior Year Exclusions	Capital	\$(1,534,989)	(2.54%)
<b>= FY17-18 Tax Levy Limit</b>		<b>\$59,121,966</b>	
x Allowable Levy Growth Factor (capped at 2.0% for 2018-19; actual CPI=2.13%)		1.02	2.00%
<b>= FY18-19 Tax Levy Limit (before Exclusions)</b>		<b>\$60,304,405</b>	
+ Current Year Exclusions	Capital	\$1,587,805	2.63%
	Pension	\$0	0.00%
<b>= FY18-19 Projected Allowed Tax Levy</b>		<b>\$61,892,210</b>	<b>2.42%</b>
<b>FY18-19 Preliminary Budget Tax Levy</b>		<b>\$61,892,210</b>	<b>2.42%</b>

# BUDGETING IN THE TAX CAP ERA

District must bring expenditures in line with available revenue and reduce reliance on fund balance/reserve appropriations

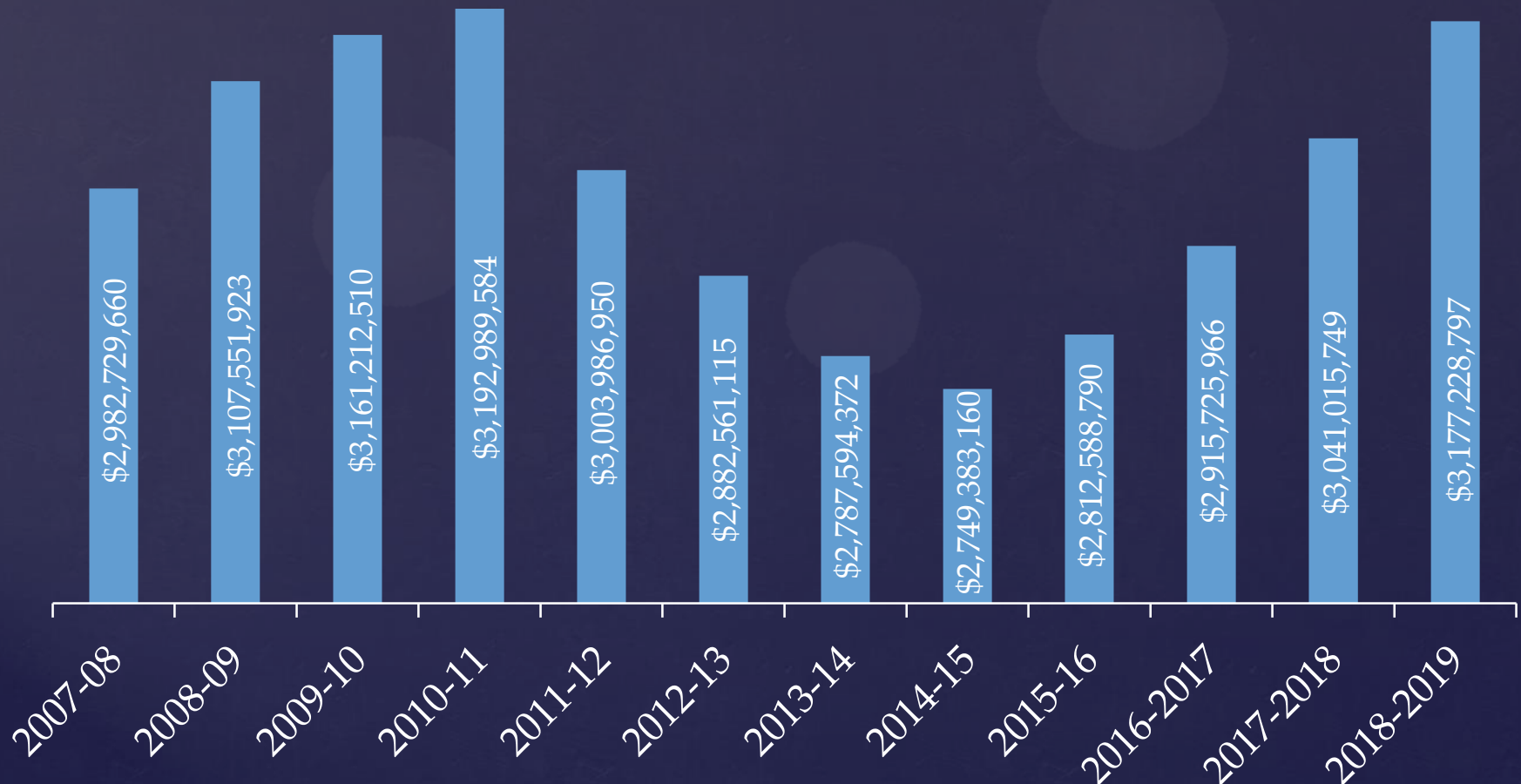
- Under the tax cap, district has limited controllable revenue sources
  - Property Taxes (84% of revenue) can grow by around \$1,500,000 for 2018-19 under the preliminary tax cap calculation
  - State Aid (10% of revenue) growth is modest
    - State Aid amount for 2018-19 is based on Governor Cuomo's proposed budget in January 2018
    - A 5% increase in Foundation Aid (largest non-expense-driven aid) would yield only \$167,000 per year in revenue growth
  - Use of Fund Balance/Reserves (2.1% of revenue) can be controlled but *these resources are limited* and the amounts appropriated should be gradually reduced until actual expenditures and actual revenues are in line
    - *Note that Appropriations of Fund Balance are not "true" revenue sources, rather they are considered "other financing sources" to meet the gap between "true" revenue and expenditures*

# ASSESSED VALUATION

Homestead / Non-Homestead

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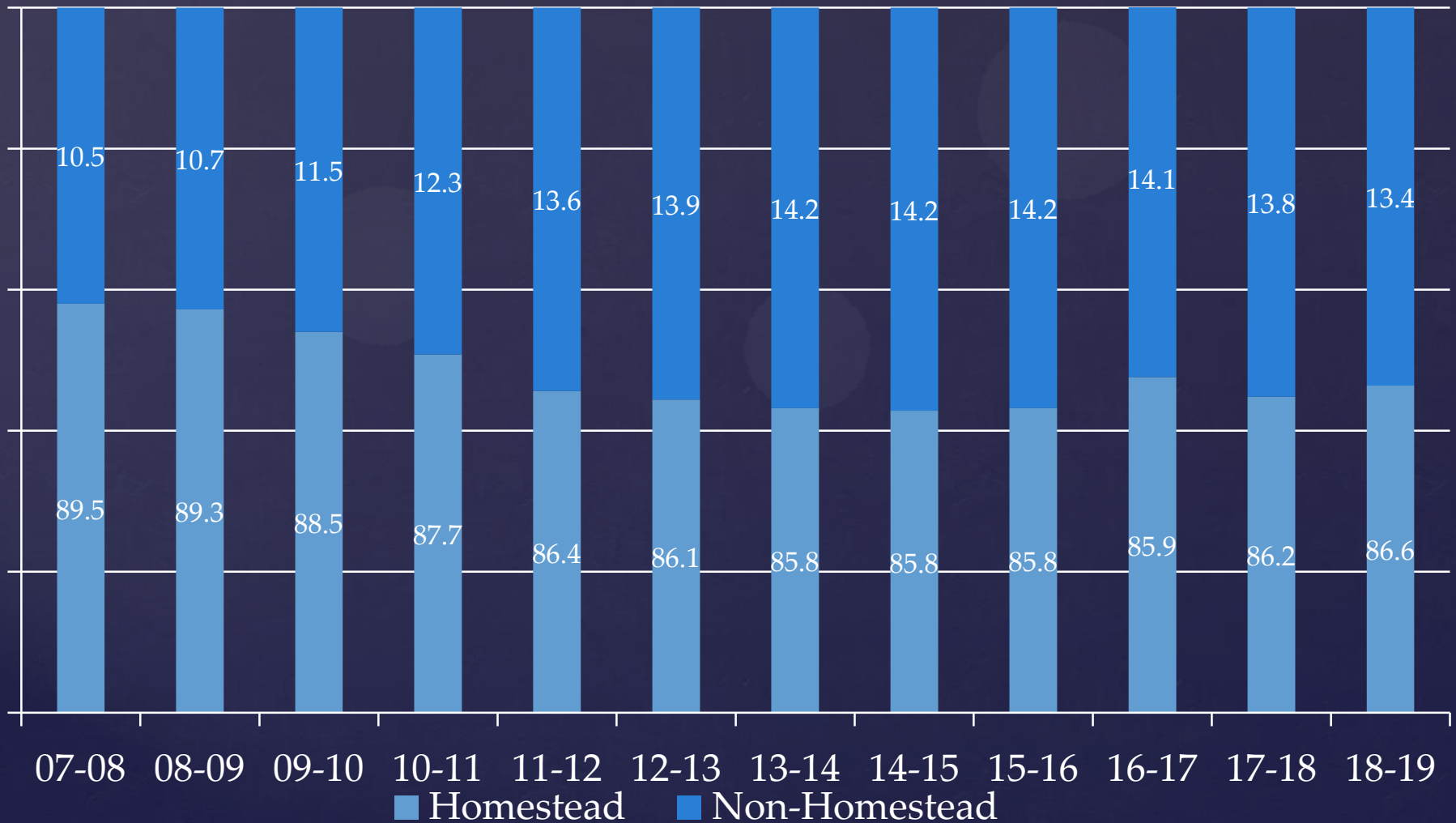
## Data Per Town of Pelham





# ASSESSED VALUATION

Percentage Homestead and Non-Homestead Proportions





# EFFECT OF SCHOOL TAX INCREASE

(Estimated based on 2017 assessed valuation which is subject to change)

## Example 1: \$500,000 home assessment 2017-2018 School Taxes (Base Year) = \$9,436

Assessed Value Change	3.00%	4.93%*	7.00%
Estimated 18-19 School Tax	\$9,507	\$9,685	\$9,876
Tax Increase from 17-18 (annual)	\$71	\$249	\$440
Percent Change	0.75%	2.64%	4.67%

## Example 2: \$875,000 home assessment 2017-2018 School Taxes (Base Year) = \$16,513

Assessed Value Change	3.00%	4.93%*	7.00%
Estimated 18-19 School Tax	\$16,637	\$16,949	\$17,284
Tax Increase from 17-18 (annual)	\$125	\$436	\$771
Percent Change	0.75%	2.64%	4.67%

## Example 3: \$1,250,000 home assessment 2017-2018 School Taxes (Base Year) = \$23,590

Assessed Value Change	3.00%	4.93%*	7.00%
Estimated 18-19 School Tax	\$23,768	\$24,212	\$24,691
Tax Increase from 17-18 (annual)	\$178	\$622	\$1,101
Percent Change	0.75%	2.64%	4.67%

\*Average town-wide change in homestead assessment for 2017, per Town of Pelham

STATE AID

# STATE AID

## 10.4% of Revenue Budget

Category	% Total Aid	2017-18 Adopted Budget	2018-19 Preliminary Budget	Increase (Decrease)	% Change
Foundation Aid	43.49%	\$3,326,930	\$3,335,441	\$8,511	0.26%
Building Aid	28.97%	2,014,789	2,221,314	206,525	10.25%
BOCES Aid	15.18%	1,013,222	1,164,194	150,972	14.90%
Transportation Aid	5.37%	394,576	411,451	16,875	4.28%
Instructional Materials Aid	3.44%	259,182	264,009	4,827	1.86%
High Tax Aid	1.52%	116,596	116,596	-	0.00%
High & Private Excess Cost Aids	2.03%	210,663	155,787	(54,876)	(26.05)%
<b>TOTAL STATE AID</b>	<b>100%</b>	<b>\$7,335,958</b>	<b>\$7,668,792</b>	<b>\$332,834</b>	<b>4.54%</b>

# MISCELLANEOUS RECEIPTS

# MISCELLANEOUS RECEIPTS

## 3.3% of Revenue Budget

Category	2017-18 Adopted Budget	2018-19 Preliminary Budget	Increase (Decrease)	% Change
<b>Tuition</b>	\$1,062,409	<b>\$1,032,814</b>	(\$29,595)	(2.79%)
<b>Sales Tax</b>	655,000	<b>680,000</b>	25,000	3.82%
<b>Health Services</b>	152,950	<b>152,950</b>	0	0.0%
<b>Refund-Prior Year Expenses</b>	343,400	<b>358,400</b>	15,000	4.37%
<b>All Other</b>	156,172	<b>171,834</b>	15,662	10.0%
<b>TOTAL MISCELLANEOUS RECEIPTS</b>	\$2,369,931	<b>\$2,395,998</b>	\$26,067	1.10%

# MISCELLANEOUS RECEIPTS

- Tuition
  - ⌘ Includes tuition for regular and special education non-resident students
- Sales Tax
  - ⌘ Represents the District's apportionment of NYS sales tax
- Health Services
  - ⌘ Reflects billings for health-related services for certain non-resident students
- Refund of Prior Year Expenses
  - ⌘ Includes BOCES refund, Arts-in-Education reimbursement from PTAs & Prior Year Expense refunds
- All Other Revenues
  - ⌘ Includes payments from Town per Inter-municipal Agreement, interest earnings, rental charges for facility use and any other miscellaneous monies received

# APPROPRIATIONS AS OTHER FUNDING SOURCES:

USE OF  
FUND BALANCE & RESERVES



# APPROPRIATIONS

2.1% of Revenue Budget

## 2018-19 Preliminary Budget includes \$1,525,000 in Appropriations Used as Financing Sources:

- Appropriation of Fund Balance-Prior Year Surplus \$810,000
  - ⌘ Represents appropriation of General Fund fund balance at the end of the school year; used to balance the 2018-19 budget
  - ⌘ Ongoing practice for many school districts
  - ⌘ Amount reduced by \$586,780 from prior year budget of \$1,396,780
- Appropriation of ERS Reserve \$715,000
  - ⌘ Represents appropriation from the Employee Retirement System (ERS) Reserve
  - ⌘ Partially offsets budgeted ERS expenditures of \$744,710
- Note: No appropriations are included in this preliminary budget from the Debt Service Fund or the Capital Reserve, as in recent prior years.

# A NOTE REGARDING RESERVE FUNDS

- NYS recommends that school districts create reserve funds against certain long term liabilities of the school district
- Unlike the private sector, school districts are limited in the amount that can be maintained and the use of such funds

## GOAL:

- Maintain reserves against liabilities of the District and support the budget appropriately through a planned utilization of reserves over time

**PELHAM MAINTAINS THE FOLLOWING RESERVES,  
ALL OF WHICH ARE PART OF THE GENERAL FUND:**

<b>RESERVE FUND</b>	<b>PURPOSE</b>	<b>BALANCE, 6.30.17</b>
Tax Certiorari	To pay judgments & claims in tax certiorari proceedings per Real Property Tax Law, Article 7	\$4,567,311
Retirement Contribution	To fund employer retirement contributions to the NY State & Local Employees' Retirement System (ERS)	2,429,240
Capital Reserve	To fund improvements to/surrounding athletic fields	1,300,677
Repair Reserve	To fund certain non-recurring capital improvements or equipment purchases	585,184
Employee Benefit Accrued Liability (EBALR)	To pay accrued benefits due employees upon termination of service	178,403
Unemployment Benefits	To pay the cost of reimbursement to the NYS Unemployment Insurance Fund for payments made to claimants	152,926
Property Damage	To pay for property loss & liability claims incurred	36,303
<b>TOTAL RESERVE FUNDS</b>		<b>\$9,250,044</b>

# A NOTE REGARDING FUNDS OF THE DISTRICT

## Pelham maintains the following Funds:

FUND	FUND NAME	DESCRIPTION	FUND BALANCE, 6.30.17
A	General	To account for school budget, including District Reserves of \$9,250,044 (discussed on prior slide)	\$16,671,880
C	Cafeteria	To account for activities associated with the food service program	\$347,371
F	Special Aid	To account for federal and state grants, as well as certain special education summer programs • Statutorily, no fund balance is allowed in this fund	\$0
H	Capital	To account for resources to be used for the acquisition, construction or major repair of capital facilities	\$(273,621)
TA	Trust & Agency	To account for funds held purely in a custodial capacity, such as payroll tax remittances due to government agencies • Statutorily, no fund balance is allowed in this fund	\$0
TE	Special Purpose	To account for the proceeds of specific revenue sources legally restricted to expenditures for a specific purpose, i.e. gifts, scholarships	\$367,859
TN	Permanent	To account for resources legally restricted to the extent only earnings, not principal, may be used for the designated purpose	\$596,620
V	Debt Service	To account for resources for, and the payment of, general long term debt principal and interest	\$2,180,404

2018-19  
PRELIMINARY BUDGET  
Expenditure Budget

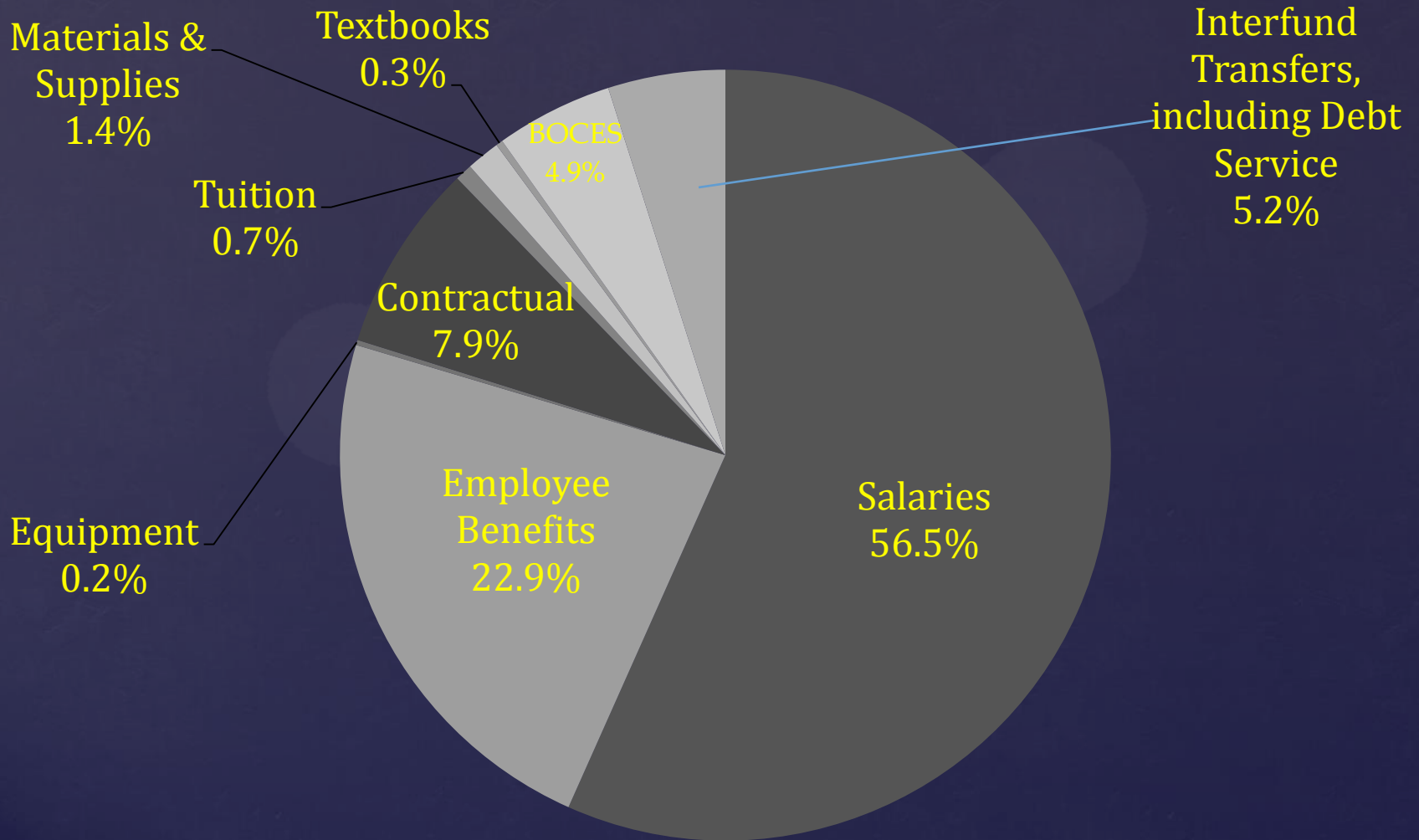


# EXPENDITURE BUDGET

Category	% Total Expense	2017-18 Adopted Budget	2018-19 Preliminary Budget	Increase (Decrease)	% Change
Salaries	56.5	\$40,807,339	<b>\$41,539,456</b>	\$732,117	1.79%
Employee Benefits	22.9	16,254,070	<b>16,842,112</b>	588,042	3.62%
<i>Note: Salaries &amp; Employee Benefits together comprise almost 80% of the Budget</i>					
Contractual	7.9	6,025,976	<b>5,765,709</b>	(260,267)	(4.32)%
BOCES Services	4.9	3,812,104	<b>3,567,710</b>	(244,394)	(6.41)%
Inter-fund Transfer- Debt Service	4.9	3,428,049	<b>3,559,119</b>	131,070	3.82%
Materials & Supplies	1.4	1,058,876	<b>1,030,216</b>	(28,660)	(2.71)%
Tuition	0.7	372,950	<b>530,094</b>	157,144	42.14%
Textbooks	0.3	192,890	<b>210,456</b>	17,566	9.11%
Inter-fund Transfers – Special Aid & Capital	0.3	655,000	<b>280,000</b>	(375,000)	(57.25)%
Equipment	0.2	172,746	<b>157,128</b>	(15,618)	(9.04)%
<b>TOTAL</b>	100%	<b>\$72,780,000</b>	<b>\$73,482,000</b>	<b>\$702,000</b>	<b>0.96%</b>

# 2018-19 EXPENDITURE BUDGET

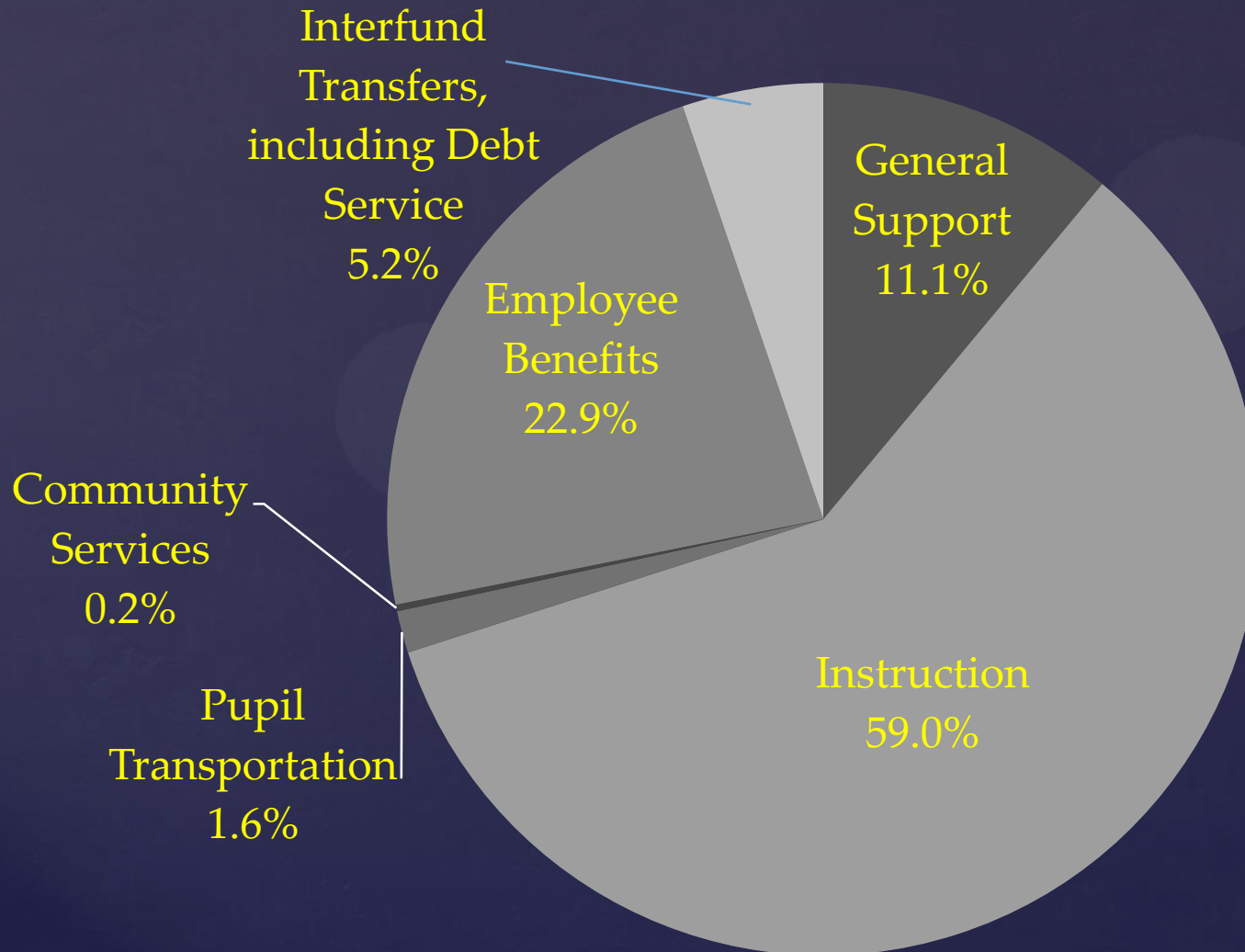
By Object Code





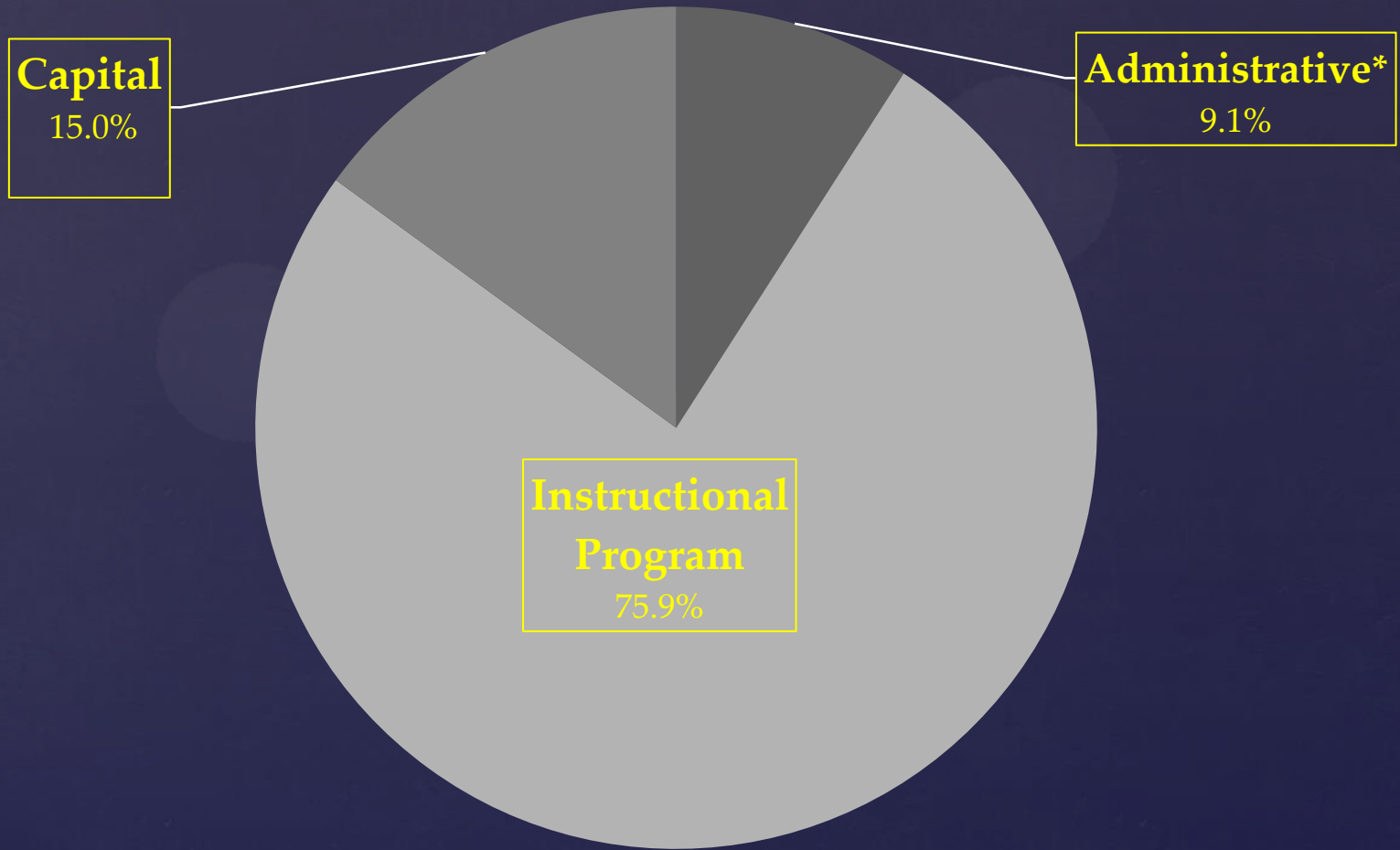
# 2018-19 EXPENDITURE BUDGET

By Function Code



# 2018-19 EXPENDITURE BUDGET

## 3 Component Categories



\*Note: The Administrative portion of the budget cannot exceed 10% of the total budget per NYS law.

## BUDGET CATEGORIES DRIVING BUDGET-TO-BUDGET CHANGE

Salaries	\$732,117	1.79%
Contractual	(260,267)	(4.32)%
Inter-fund Transfer-Capital	(375,000)	(60.00)%
Equipment	(15,618)	(9.04)%
Inter-fund Transfer-Debt Service	131,070	3.82%
Tuition	157,144	42.14%
Materials & Supplies	(28,660)	(2.71)%
Textbooks	17,566	9.11%
BOCES	(244,394)	(6.41)%
Employee Benefits	588,042	3.62%
<b>TOTAL</b>	<b>\$702,000</b>	<b>0.96%</b>

# OVERVIEW OF SELECTED BUDGET TO BUDGET CHANGES

- Salaries, \$732,117 increase
  - Includes contractual increases for teachers, administrators, clerical, custodial, and exempt employees
  - Includes savings realized from 6 retirements
  - Includes staffing additions for PPS 6-12 supervisor and FLES program
  - Factors in reduction for non-recurring payments to teachers
- Contractual, \$260,267 decrease
  - Reduction in net facilities expenditures of approximately \$137,000, mostly for small projects
  - Reduction in budgeted administrative costs such as legal
- Inter-fund Transfer-Capital Fund, \$375,000 decrease
  - Reduction in small capital projects supported by the tax levy

# OVERVIEW OF SELECTED BUDGET TO BUDGET CHANGES

- BOCES, \$244,394 decrease
  - Special Education services decreased by \$293,791 as certain students are slated to return to district from out-of-district placements in 2017-18
  - Instructional technology costs are projected to increase by \$57,000
- Employee Benefits, \$588,041 increase
  - Teachers Retirement System (TRS) pension rate increased from 9.80% to 10.63% (8.47%) which, when combined with the rollover of the salary budget, created increased costs of \$347,134
  - Employee Retirement System (ERS) pension rate reduction from 15.3% to 14.9% (2.61%) which created savings of \$18,872
  - Health Insurance increases totaling \$197,516 as follows:
    - Medical insurance rate increase of 3.6% (blended rate change)
    - Increase in retiree health costs due to new retirees and additional Medicare reimbursement
    - Retiree replacements budgeted at family plan level



# SUMMARY OF BUDGET TO BUDGET CHANGES

REVENUE & OTHER FINANCING SOURCES		EXPENDITURES	
Property Taxes	\$1,464,879	Salaries	\$732,117
State Aid	332,834	Employee Benefits	588,042
Miscellaneous Receipts	26,067	Tuition	157,144
Appropriation of Prior Year Fund Balance	(586,780)	Interfund Transfer-Debt Service	131,070
		Textbooks	17,566
Appropriation from Debt Service Fund	(325,000)	Interfund Transfer-Capital	(375,000)
		Contractual	(260,267)
Appropriation from Capital Reserve	(200,000)	BOCES	(244,394)
		Materials & Supplies	(28,660)
Appropriation from ERS Reserve	(10,000)	Equipment	(15,618)
<b>TOTAL INCREASE</b>	<b>\$702,000</b>	<b>TOTAL INCREASE</b>	<b>\$702,000</b>

# PROPOSED STAFFING CHANGES

## Staffing Changes:

2.13 net budget to budget increase in FTE

## FTE additions:

Teaching position-FLES

Administrator-Special Education 6-12 Supervisor

Additional extra-duty assignment for overages to meet  
student needs

FTE shift out of grants into budget

## FTE reductions:

Teaching Assistant positions

*See detailed analysis in Budget Book A36-A37*



# DISTRICT ENROLLMENT BY SCHOOL BUILDING

# DISTRICT ENROLLMENT

School	(Beds Date) 2016-17	(Beds Date) 2017-18	Projected, as of 2.12.18 2018-19	Inc (Dec)
Colonial	318	317	316	(1)
Hutchinson	372	363	343	(20)
Prospect Hill	309	319	309	(10)
Siwanoy	272	277	264	(13)
Special Ed	33	25	24	(1)
<b>TOTAL ELEMENTARY</b>	<b>1,304</b>	<b>1,301</b>	<b>1,256</b>	<b>(45)</b>
Middle School	688	723	698	(25)
High School	889	891	928	37
<b>DISTRICT TOTAL</b>	<b>2,881</b>	<b>2,915</b>	<b>2,882</b>	<b>(33)</b>

# BUDGET PROCESS

## Budget Development Continues

- *The numbers will change!*
  - Updated State Aid runs expected on/around April 1
  - Effects of current contract negotiations with CSEA Custodial unit
  - Estimates used in the preliminary budget may change, such as for technology or facilities
  - New student needs may be identified
  - Board & community input

## Key Budget Dates

- April 17, 2018: Board of Education adopts 2018-19 Budget
- May 15, 2018: Community Budget Vote and Board Member Election

# 2018-19 PRELIMINARY BUDGET

Questions?

Thank you!